



# *Memphis and Shelby County Office of Economic Development*

CITY HALL 125 NORTH MAIN STREET, SUITE 468 MEMPHIS, TENNESSEE 38103-2084 (901) 576-7107

February 3, 2010

Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
1401 Constitution Avenue NW, Room 2111  
Washington, D.C. 20230

Dear Mr. McGilvray:

Submitted herewith, in accordance with the Foreign-Trade Zones Act and the regulations of the Foreign-Trade Zones Board, is an original and one copy of the annual report covering the operation of Foreign-Trade Zone #77, Memphis, Tennessee, for the fiscal year ended September 30, 2009. This report includes information on the following subzones which were active during the year: Subzone 77A – Sharp Manufacturing Company of America, Subzone 77B – Brother Industries (USA) and Subzone 77D – Black and Decker which was activated in July, 2009. Status reports are included for both of the activated sites of the Memphis General Purpose Zone 77.

If you have any questions regarding this report, please contact Maggie Conway by phone at (901) 576-7417, by email [Maggie.Conway@shelbycountyttn.gov](mailto:Maggie.Conway@shelbycountyttn.gov), or by fax at (901) 576-7101. For Subzone 77A, you may contact David C. Marcum at (901) 367-5273 or fax at (901) 367-5448. For Subzone 77B, you may contact Susan Lewis at (901) 379-1646 or fax at (901) 372-1325. For Subzone 77D, the contact is Marilyn Belk at 803-396-3413.

Respectfully submitted,

Charles Gulotta  
Executive Director  
Memphis and Shelby County Office of Economic Development

City of Memphis, Foreign-Trade Zone No. 77

**ANNUAL REPORT  
FOREIGN-TRADE ZONE NO. 77  
MEMPHIS, TENNESSEE  
Oct. 1, 2008 – Sept. 30, 2009**

**PART I. SUMMARY OF ACTIVITY – ZONE PROJECT**

1. Developments/trends in shipments/activity, and factors affecting growth.

Due to the dramatic economic downturn occurring during Fiscal Year 2009, as elsewhere in the U. S., the Memphis economy experienced a decline in manufacturing, a weakening of the service industry, reduction of consumer spending, a drop in home buying and home construction and bank lending was almost non-existent. With this decline, companies are looking for new venues to support their production capacity. Expansion into international markets is a growing choice by these companies. They are also seeking ways to reduce costs to maintain their workforces and are increasingly looking to the cost savings associated with foreign-trade zones and subzones.

During this reporting period, both the Burlington Northern Santa Fe (BNSF) and Canadian National (CN) railroads constructed large, \$100 million intermodal facilities in the City of Memphis. These railroad yards will bring about a major increase in rail shipments in and through Memphis which will also provide additional savings in cost and time for companies in the Mid-South.

Leaders in Memphis have made a long-term commitment to maintaining the community as a major intermodal hub. Recent investment by CN both in Memphis and Prince Rupert, British Columbia and a formal memorandum of understanding have solidified a unique partnership between the two geographic areas. The Canadian government has dubbed the Prince Rupert corridor as the "Asia-Pacific Gateway" because it is the closest North American port to Asia, one day closer than the Seattle-Tacoma port in Washington and two days closer than the ports of Los Angeles or Long Beach in California. This gateway has proven to be a reliable and efficient port for many shippers using Memphis as a strategic transportation and distribution hub. Halifax, Nova Scotia has also formalized an arrangement with the City of Memphis through a memorandum of understanding to pursue mutually beneficial cargo connections with the CN and to promote mutual transportation assets. These alliances are important links to a wide spectrum of international markets that will enhance the global importance of Memphis and the Mid-South area.

2. Improvements in zone services and facilities during the year or planned for the near future.

During this reporting period, the management staff of Memphis FTZ #77 drafted revisions and updates to the zone operator agreements and zone schedule that will be finalized during FY10. Also begun in FY09 and was carried out in the early part of FY10, were a series of meetings with zone and subzone operators, members of the local legislative bodies, area Chambers of Commerce and other interested parties. The main purpose of these meetings was to introduce the concept of the Alternative Site Framework and to develop a strategic plan for the Memphis zone based in part, on the discussions and suggestions that were shared at these meetings.

Changes and additions to the Memphis zone include: approval and activation of Foreign-Trade Subzone No. 77D for Black and Decker in Jackson, TN; approval of a minor boundary modification in August, 2009 for Quality Packaging Services International; and activation of boundary modification space for both Centrepot and Flextronics.

3. Promotion and marketing efforts.

Powerpoint presentations and handout materials were produced in-house that assisted in educating a wide number of people on the Memphis Foreign-Trade Zone program and the plan to reorganize the zone under the Alternative Site Framework. These presentations were made to the suburban mayors of Shelby County; chambers of commerce for Memphis and the suburban area; and government and industry leaders across West Tennessee. Additionally, foreign-trade zone capabilities were included in all promotional materials of the Memphis & Shelby County Office of Economic Development and its partners. These materials are provided to all companies considering a business location or expansion in the Memphis area.

4. Summary of general-purpose zone activity, specifically discussing export and transshipment activity, and role of the zone in U.S. export expansion.

General-purpose zone activity in the Memphis FTZ, during this fiscal year, included the sorting, packing and repacking, labeling and re-labeling, returns management, and storage and shipment of user's product from both international and domestic shipping points.

5. Employment within the activated zone area.

In Fiscal Year 2009, current employment at Centrepôt, Inc. and Flextronics is 138 employees working in the activated portion of zone.

6. Discussion as to how overall FTZ project and major specific activities conducted under FTZ procedures contribute to local and national economy, including FTZ impact on employment, port activity, industrial development, international trade and investment.

As companies are looking for ways to cut costs to be able to maintain their workforce and compete in the global economy, there have been numerous inquiries about how to take advantage of the Memphis FTZ. Memphis zone and subzone operators attest that the FTZ program has enabled them to continue in business during this current economic downturn.

## **PART II. USE OF ZONE BY BUSINESS FIRMS (General-Purpose Zone)**

- A. The zone served 36 business firms during fiscal 2008-2009 reporting year. Of these, 3 used the zone on a continuous basis, employing up to 138 persons, 123 of whom were full-time employees.
- B. List and discuss each manufacturing and processing operation conducted under FTZ procedures within the general-purpose zone. (Note those authorized subject to restriction, indicating the type of FTZ Board Order restriction and compliance measures.)



No manufacturing operations were performed by the two General Purpose Zone operators in fiscal year 2008-2009. Both Centrepôt and Flextronics performed the following processing operations that did not change the HTS classification for any product: sorting by SKU, packing/repacking, labeling/re-labeling, and storage.

- C. List the subzones for which authority has lapsed.

### **PART III. MOVEMENT OF MERCHANDISE (for General-Purpose Zone No. 77)**

The zone handled 984,044 different items from 18 countries of origin, compared with 842,346 items from 21 countries during the preceding fiscal year.

#### **A. Merchandise in the Zone at Beginning and End of Fiscal Year**

	<b><u>Beginning Value</u></b>	<b><u>End Value</u></b>
Domestic Origin/Duty Paid	\$ 78,953,000	\$130,559,562
Foreign Status	\$ 940,000	\$ 78,893,000
<b>Totals:</b>	<b>\$ 79,893,000</b>	<b>\$209,452,737</b>

#### **B. Movement of Merchandise**

<b><u>Received</u></b>	<b><u>Value</u></b>
Domestic Origin/Duty Paid	\$130,169,171
Foreign Status	\$150,088,495
From Other U.S. FTZ's	
Domestic Status	\$ 0
Foreign Status	\$ 0
<b>Total:</b>	<b>\$280,257,666</b>

<b><u>Forwarded</u></b>	<b><u>Value</u></b>
To the U.S. Market	\$147,194,929
To Foreign Countries	\$ 3,503,000
To Other U.S. FTZ's	\$ 0
<b>Total:</b>	<b>\$150,697,929</b>

- C. **Value Added** -- For any value-added activities conducted under zone procedures (e.g. assembly or mfg.), provide statement as to nature and value of such activity (labor, overhead, etc.). N/A

#### **D. Main Categories of Foreign Status Merchandise Received (Top Five)**

<b><u>Category</u></b>	<b><u>Value</u></b>	<b><u>Main Country of Origin</u></b>
8525804000	\$100,580,438	CN
8525805020	9,248,531	CN
8413911000	8,820,275	
8528591500	8,075,208	CN
8443992010	7,101,752	CN
<b>Total:</b>	<b>\$ 133,826,204</b>	

**Foreign Status Merchandise Received:**

Nonprivileged Foreign	\$150,088,650
Privileged Foreign	\$ 0

E. Customs duties collected on merchandise entered from the zone during the fiscal year amounted to \$236,179

G. When applicable, indicate merchandise destroyed in the subzone during the fiscal year at 0.

**PART IV. PHYSICAL FACILITIES – AVAILABLE AND ACTIVATED**

A. Provide a narrative description of the general-purpose zone by site, including facilities available for zone users, indicating which parts of the zone project are “activated.” Include a brief discussion of the status of the non-activated space, describing the efforts and expectations related to planned zone use.

Activated:

Site 2 is located at 5000 East Raines Road, Suite 116, Memphis, Tennessee 38118. Site 2 is a concrete and steel warehouse of 294,925 square feet in size and is a food-grade level warehouse. The operator currently has 3 users Domestic and Foreign, and is providing general warehousing services.

During this reporting period, a minor boundary modification to Site 4 added 196,000 square feet at 5265 Hickory Hill Road, Suite 104, Memphis, TN 38141. This is also a food-grade level, concrete and steel warehouse, activated but currently with no users.

In an additional boundary modification of Site 4 during this reporting period, 414,504 square feet of space at 6100 Holmes Road, Memphis, Tennessee 38141 and 437,940 square feet at 6380 Holmes Road, Memphis, Tennessee 38141 were delineated for general purpose zone use. The two buildings are concrete and steel construction and currently serve one customer.

Non-activated:

Site 1 is located on a 22-acre site on the lower Mississippi River at the intersection of Port Street and Channel Avenue. This site offers warehouse space with easy access to port facilities. It was activated for a period of time following the initial granting of foreign-trade zone status to the City of Memphis but currently has no foreign-trade zone-related activities.

None of the Site 3 parcels have been activated since approved. Site 3, Parcel 1 was deleted in September, 2001. Site 3, Parcel 2 is a 106-acre site in southeast Memphis and Site 3, Parcel 3 is a 5 acre site located in Humboldt, TN.

Site 4 is located at 2163 Airways includes 397 acres of the Memphis Depot Business Park (formerly the Memphis Defense Depot). Specific buildings were designated for FTZ use rather than acreage and this site is not currently utilized as a foreign-trade zone.

A minor boundary modification to Site 4 that originally added 187,935 square feet of space at 5200 Tradeport was deactivated during this reporting period.



Site 5 was approved in a minor boundary modification of Site 4 during this reporting period. Site 5 is a 210,000 square foot, concrete and steel warehouse located at 3755 Knight Arnold Road, Memphis, Tennessee 38118. The site will be operated by Quality Packaging Services International (QPSI) as a third-party logistics facility that is scheduled to be activated during calendar year 2010.

<u>Site No.</u>	<u>Site Name</u>	<u>Size</u>	<u>Facilities Available</u>	<u>Activation Status</u>
1	FTZ Zone 77, Site 1	22 ac	168,000 sf warehouse	Not activated
2	FTZ Zone 77, Site 2	295k sf	Warehouse—Parcel 2	Activated
3	FTZ Zone 77, Site 3	106 ac 5 ac	50,000 sf warehouse (parcel 2) 105,000 sf warehouse (parcel 3)	Not activated
4	Memphis Depot	397 ac	Warehouse buildings	Not activated
	5200 Tradeport	188k sf.	Warehouse building	Not activated
	6380 Holmes	438k sf	Warehouse building/Flextronics	Activated
	6100 Holmes	414k sf	Warehouse building/Flextronics	Activated
	5265 Hickory Hill	156k sf	Warehouse bldg/Centrepot	Activated
5	3755 Knight Arnold	210k sf	Warehouse bldg/QPSI	To be activated in 2010

- B. Zone Schedule. Provide the locations where the Zone Schedule (1400.42(b)), including rates and charges of zone grantees and general-purpose zone operators, is available for public inspection, and indicate the effective date.

Memphis and Shelby County Division of Planning and Development  
Office of Economic Development  
125 North Main Street, Room 468  
Memphis, Tennessee 38103  
Effective Date: April 2, 1982

## **PART V. SUBZONE ACTIVITY--SUBZONE 77A--Sharp Manufacturing Company of America**

### **A. Summary for Subzone No. 77A, October 1, 2008-September 31, 2009**

- Foreign Trade Subzone 77A is a specific-purpose subzone under the operating control of Sharp Manufacturing Company of America (SMCA), a division of Sharp Electronics Corporation.
- The facility is located on a 40-acre site in southeast Shelby County, Memphis, Tennessee, and was approved for operation on December 1, 1984.
- Total employment at the subzone is 745, which is a 23% growth in employment over last year. All of this growth coming in Solar Production. Last year employment was 607.
- During the past year, the economies of the world fell into an economic slowdown and Sharp Electronics, as well as SMCA, are operating in a much more severe and global, competitive market. Amid this operating environment Sharp continues to operate and change its business model.

Operations within Subzone 77A include the production of Microwave Ovens, Solar Cell Modules and Multi-function office machines. The decline in new housing starts and the drop in consumer spending have had a dramatic impact on the Sharp microwave business. SMCA and Sharp Electronics are looking at ways to reduce costs to sustain and streamline the production of this product offering. New technologies and advancements are being made in the Multi-Function office equipment segment to continue to expand this business area. The Solar business will see the most dramatic changes in the coming year, and has seen dramatic growth over the past year.

Sharp as a global leader is changing its philosophy from not only being a competitive provider of electronic products, but also to being a provider of environmentally friendly products. SMCA is positioning itself to take on this role. The company's desire is to make a positive contribution to the achievement of a low-carbon society by making energy-saving and energy efficient electronics.

Solar production growth has been dramatic both in the United States and overseas and Sharp Manufacturing is expanding its capabilities in this area. The company is automating production lines to expand production capacity. In the past year, Sharp increased the number of panels it shipped to the U.S. Market and has also begun exporting to the European market. Sharp's internal manufacturing expertise is allowing the company to manufacture and produce its own Solar frames for the panels, as well as to export them to other Sharp factories worldwide. While traditional consumer electronics have been impacted by the economic downturn, the Solar segment has shown substantial growth in the past year. Sharp is poised for this growth opportunity.

During this past year, Sharp upgraded its FTZ zone software to be able to view the company's three major product areas: Microwave; Multi-Function Office Equipment; and Solar Products; separate from each other. In the future, this will allow the company to look at its product categories and the zone activities for each product separately. With the Solar business growing rapidly, Sharp Manufacturing Co. of America will be looking to expand its zone capabilities to accommodate a greater manufacturing and storage area.

Sharp officials are talking with local authorities, including the State of Tennessee, to play a larger role in expanding the company's Solar Production capabilities. Currently there are 2 additional sources of silicon wafers (Cells) being developed within Tennessee. These wafers have been in short supply for Sharp Manufacturing Co. of America for more than 2 years and sources being developed domestically and in Tennessee should allow the company's production capabilities to grow unhindered.

5. Included in response to Question #4 above.  
Presently, merchandise produced at the subzone is forwarded to the U.S. market, allowing U.S. made goods to compete with foreign made goods.
6. The subzone currently provides the local area with 745 jobs. The benefits of the zone have helped Sharp contend with foreign competition and enabled Sharp to maintain its production facility in the U.S. Sharp is able to maintain competitiveness in the U.S. and world markets through continued utilization of subzone benefits.

7. N/A

## **B. MOVEMENT OF MERCHANDISE FOR SUBZONE NO. 77A**

### **1. Merchandise in Subzone at Beginning and End of Fiscal Year**

	<b><u>Beginning Value</u></b>	<b><u>End Value</u></b>
Domestic Origin/Duty Paid	\$ 11,114,383	\$ 3,299,511
Foreign Status	\$ 12,886,448	\$14,499,017
<b>Total:</b>	<b>\$ 24,000,831</b>	<b>\$17,798,528</b>

### **2. Movement of Merchandise**

<b><u>Received</u></b>	<b><u>Value</u></b>
Domestic Origin/Duty Paid	\$ 54,648,833
Foreign Status	\$164,802,525
From Other U.S. FTZ's	
Domestic status	0.0
Foreign status	0.0
<b>Total:</b>	<b>\$ 219,451,358</b>

<b><u>Forwarded</u></b>	<b><u>Value</u></b>
To The U.S. Market	\$ 224,435,448
To Foreign Countries (Exports)	
To Other U.S. FTZ's	
<b>Total:</b>	<b>\$ 224,435,448</b>

#### **Explanation of Discrepancies:**

1. Does Beginning Inventory + Total Merchandise Received – Total Merchandise Forwarded = Ending Inventory? If not, explain. **No, the difference includes the \$321,110 that was destroyed scrap during the fiscal year and \$897,103 in value of scrap materials that has not yet been transacted for a total of \$1,218,213.**
2. Is the Ending Inventory from the previous year equal to the Beginning Inventory for this year? **The period reported on this year is from 9/19/2008 to 10/1/2009 – There is a two week additional balance that is a result of systems limitation.**
3. Is the level of Merchandise Received this year significantly different from the previous year? **No, but the product mix has changed--more Solar product and less Microwave product**
3. Provide an approximate figure for the overall level of production at the Subzone 77A.  
474,760 units produced
4. Value Added: (Not included in the Movement of Merchandise figures above)  
\$34,425,637.85

### **5. Main Categories of Foreign Status Merchandise Received**

<b><u>Category</u></b>	<b><u>Value</u></b>	<b><u>Main Countries of Origin</u></b>
3911.90.9050	\$ 26,920,455	JP
8541.40.6010	\$ 59,025,493	JP
8541.40.6020	\$ 11,815,632	TW



8443.32.1010	\$ 12,779,435	CN
8443.99.2550	\$ 6,460,443	CN
<b>Total:</b>	<b>\$117,001,458</b>	

6. Foreign Status Merchandise Received:
  - Nonprivileged Foreign \$93,952,137.31
  - Privileged Foreign \$70,850,387.61
7. Customs duties collected on merchandise entered into U.S. Customs territory from the subzone during the fiscal year amounted to \$ 101,883.
8. When applicable, indicate merchandise destroyed in the subzone during the fiscal year valued at \$ 321,110.

## **PART V. SUBZONE ACTIVITY--SUBZONE 77 B--BROTHER INDUSTRIES (USA), INC.**

### **A. Summary for Subzone No. 77B, October 1, 2008-September 30, 2009**

1. Foreign Trade Zone 77B is a special purpose subzone operated by Brother Industries (USA), Inc. ("BIUSA"), a wholly owned subsidiary of Brother International Corporation ("BIC").
2. The facility is located on a 45-acre site in Bartlett, Tennessee. To date the activated area of this facility covers 92,118 square feet.
3. Total employment at the subzone is 241. (includes direct contract employees)
4. Operations in the subzone include receiving parts, storage of parts, the mass production of various office machines, refurbishment/repair operations, quality control testing, and shipment of finished products to our customers both domestic and overseas, and the distribution center. Parts used in production, repair and packaging are sourced both from foreign suppliers and domestically. Current activity in the Zone includes the production and repair of postage franking machines; the packaging of P-Touch label makers and accessories; the production of ink jet printers; refurbishment process for office machines and the remanufacture of toner cartridges.
5. The benefits of the zone have helped BIUSA contend with foreign competition and enabled BIUSA to maintain a production facility in the USA. The privilege of direct delivery has enabled BIUSA to concentrate on "just-in-time" deliveries thus enabling a reduction in the amount of inventory on hand, while also preventing loss of production caused by parts shortages. Duty inversion, resulting in lower duty rates on manufactured products versus parts, and weekly entries, which reduce brokerage fees and merchandise processing fees, assist in bridging the gap between inexpensive overseas labor and domestic production allowing BIUSA to remain competitive. Continued utilization of sub-zone benefits enables BIUSA and its Customers to maintain competitiveness in the U.S. and world markets.
6. Operating as a subzone allows BIUSA to maintain a manufacturing facility in the US and provide employment opportunities to the local area. BIUSA continues to be a positive contributor to the Bartlett and Memphis community, supporting such organizations as the

Bartlett Area Chamber of Commerce, Shelby County Schools Education Foundation and The City of Bartlett, to name just a few.

7. N/A

## **B. MOVEMENT OF MERCHANDISE FOR SUBZONE NO. 77B**

### **1. Merchandise in Subzone at Beginning and End of Fiscal Year**

	<b><u>Beginning Value</u></b>	<b><u>End Value</u></b>
Domestic Origin/Duty Paid	\$ 2,720,000	\$ 3,325,000
Foreign Status	\$ 5,387,000	\$ 4,137,000
<b>Total:</b>	<b>\$ 8,107,000</b>	<b>\$ 7,462,000</b>

### **2. Movement of Merchandise**

<b><u>Received</u></b>	<b><u>Value</u></b>
Domestic Origin/Duty Paid	\$ 15,371,000
Foreign Status	\$ 15,536,000
From Other U.S. FTZ's	
Domestic status	-0-
Foreign status	-0-
<b>Total:</b>	<b>\$ 30,908,000</b>

<b><u>Forwarded</u></b>	<b><u>Value</u></b>
To The U.S. Customs Territory	\$ 28,934,000
To Foreign Countries	\$ 2,164,000
To Other U.S. FTZs	-0-
<b>Total:</b>	<b>\$ 31,098,000</b>

#### **Explanation of Discrepancies:**

Value of Scrapped Materials accounts for the discrepancy (see Item 8 below).

3. Plant Square Footage Active under Zone Procedures: 91,118 square feet.

4. **Value Added:** (Not included in the Movement of Merchandise figures above)

Labor Value Added	\$3,946,000
Plan & Admin Overhead Value Added	1,119,000

### **5. Main Categories of Foreign Status Merchandise Received**

<b><u>Category</u></b>	<b><u>Value</u></b>	<b><u>Main Countries of Origin</u></b>
Mechanical Appliances & parts thereof	\$12,305,000	China, Japan, Indonesia, Malaysia
Photographic & cinematographic goods	749,000	Japan
Electric Equipment & parts thereof	698,000	China, Malaysia, Mexico
Printed Materials	311,000	China, Malaysia
Articles of Plastic	256,000	China, Malaysia, Japan
<b>Total</b>	<b>\$14,319,000</b>	



6. Foreign Status Merchandise Received:  
Nonprivileged Foreign \$ 15,537,000  
Privileged Foreign\*\*\* (see below) -0-
7. Customs duties collected on merchandise entered into U.S. Customs territory from the subzone during the fiscal year amounted to \$38,503 (actual amount).
8. When applicable, indicate merchandise destroyed in the subzone during the fiscal year valued at \$455,386 (actual amount).

\*\*\* Brother Industries did not admit any foreign merchandise in the subzone during the fiscal year ending September 30, 2009 as restricted pursuant to Foreign-Trade Zones Board Order No. 1490 that states:

*Any foreign merchandise that falls under HTSUS heading or subheading 2821, 2823, 3901.20, all of chapter 32, or where the foreign merchandise in question is described as a pigment, pigment preparation, masterbatch, plastic concentrate, flush color, paint dispersion, coloring preparation or colorant.*

## **PART V. SUBZONE ACTIVITY--SUBZONE 77 D—BLACK & DECKER**

### **A. Summary for Subzone No. 77D, October 1, 2008 to September 30, 2009**

1. Foreign Trade Zone 77D is a special purpose subzone operated by Black & Decker.
2. Black & Decker's Mid Region Distribution Center (Zone 077D), located at the intersection of Highway 45 North & Passmore Lane in Jackson, Tennessee, is a 675,000 sq ft facility and resides on 177 acres.

The facility is designed to handle warehousing operations such as: handling, packaging, warehousing, repackaging, displaying, distribution, quality testing, inspection, labeling, re-working, palletization, and transfer of goods to strengthen customer service and delivery time to our markets & consumers.

3. Black & Decker's Mid Region DC employs 75 full time and approximately 27 temporary associates, working two shifts throughout the year.
4. Many of B&D's product types and brands are distributed from this location. They are: (1) Black & Decker, (2) DeWalt, (3) Delta, (4) Porter/Cable, (5) Vector. These products are described as power tools, accessories, automotive and electronics, lawn and garden, and other home products and accessories.

Zone 077D was approved for activation by CBP Memphis on July 13, 2009 and has since recognized the following benefits: (1) MPF -Merchandise Processing Fee- savings resulting from weekly entries, (2) duty deferral, (3) Direct Delivery; all resulting in cash flow. Black & Decker intends to utilize CF7512 benefits in the near future.

Black & Decker has seen a 15% decrease in sales during the past year.



Top 5 harmonized tariff numbers & descriptions:

- 8467.19.5060 – Tools for working in the hand, pneumatic, hydraulic, or with self-contained electric or nonelectric motor and parts thereof: Designed for use in construction or mining.
  - 8508.11.0000 - Vacuum cleaners: parts thereof: with self contained electric motor.
  - 7317.00.5518 – Nails, tack, drawing pins, corrugated nails, staples and similar articles of iron or steel, whether of not with heads or other material; made of round wire.
  - 8467.29.0040 - Tools for working in the hand, pneumatic, hydraulic, or with self-contained electric or nonelectric motor and parts thereof; Screwdrivers, nut-runners and impact wrenches
  - 8504.40.9550 - Electrical transformers, static converters and inductors; parts thereof; other
5. The privilege of direct delivery has enabled Black & Decker to concentrate on “just-in-time” deliveries thus enabling a reduction in the amount of inventory on hand.
6. Due to the activation of the subzone during this reporting period, direct and indirect benefits are not yet available.
7. If subzone activity is subject to restriction, please describe method of compliance. N.A.
- \* *If your zone project has more than one active subzone, a separate Part V should be submitted for each subzone.*

**B. MOVEMENT OF MERCHANDISE FOR SUBZONE NO. 77D**

**1. Merchandise in Subzone at Beginning and End of Fiscal Year**

	<b><u>Beginning Value</u></b>	<b><u>End Value</u></b>
Domestic Status	\$ 0	\$ 29,523,619
Foreign Status	\$ 0	1,925,042
<b>Total:</b>	<b>\$ 0</b>	<b>\$ 31,448,661</b>

**2. Movement of Merchandise**

<b><u>Received</u></b>	<b><u>Value</u></b>
Domestic Origin/Duty Paid	\$44,120,799
Foreign Status	1,925,042
From Other U.S. FTZ's	
Domestic status	\$ 0
Foreign status	\$ 0
<b>Total:</b>	<b>\$46,045,841</b>

<b><u>Forwarded</u></b>	<b><u>Value</u></b>
To The U.S. Market	\$14,597,180
To Foreign Countries (Exports)	\$ 0
To Other U.S. FTZ's	\$ 0
<b>Total:</b>	<b>\$14,597,180</b>

Explanation of Discrepancies: N.A.

3. Provide an approximate figure for the overall level of production at the subzone: N.A.

4. Value Added: N.A.

**5. Main Categories of Foreign Status Merchandise Received**

<u>Category</u>	<u>Value</u>	<u>Main Countries of Origin</u>
8467.19.5060	\$ 507,005	CN, TW
8508.11.0000	311,761	CN
7317.00.5518	146,869	KR, CN
8467.29.0040	108,533	CN
8504.40.9550	97,183	CN
<b>Total</b>	<b>\$1,171,351</b>	

6. Foreign Status Merchandise Received:  
Nonprivileged Foreign \$ 1,925,042  
Privileged Foreign \$ 0

7. Customs duties collected on merchandise entered into U.S. Customs territory from the subzone during the fiscal year amounted to \$ 0.

8. When applicable, indicate merchandise destroyed in the subzone during the fiscal year valued at \$ 0.

**PART VI. PHOTOGRAPHS**

Each zone may periodically submit photographs (8" x 10" glossy) showing current zone layout and facilities, or portraying examples of current activity. These photographs are requested with the understanding that they may be reproduced in government publications or released to the public.

**PART VII. ZONES AND SUBZONES AUTHORIZED BUT NOT YET IN OPERATION**

For zones and subzones not yet activated, please submit a status report as to activation efforts and plans for such zone(s) or subzone(s).

Site 5 of the Memphis Foreign-Trade Zone No. 77 was approved in a minor boundary modification of Site 4 during this reporting period. Site 5 is a 210,000 square foot, concrete and steel warehouse located at 3755 Knight Arnold Road, Memphis, Tennessee 38118. The site will be operated by Quality Packaging Services International (QPSI) as a third-party logistics facility. Paperwork has been submitted to Customs and Customs officials have inspected the facilities so that activation should occur during the early part of FY2010.